

2017

Work Plan



The United States Extractive Industries
Transparency Initiative

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1. BACKGROUND

In 2011, the U.S. government announced its intention to implement EITI as a signature effort of the U.S. National Action Plan for the Open Government Partnership. Transparency, accountability and public trust are key pillars in carrying out the mission of the Department of the Interior (DOI) to manage the vast public estate containing valuable minerals, oil and gas, forestry, fish, wildlife, and recreational resources, and to fulfill trust obligations to Native Americans. The Secretary of the Interior was named as the senior U.S. official to oversee implementation, and the Secretary committed to work alongside civil society and industry to carry out USEITI. Within DOI, the Office of Natural Resources (ONRR)¹ provides direct support for USEITI implementation, coordinates the efforts to convene the Multi-Stakeholder Advisory Group (MSG), and manages the efforts of the USEITI Secretariat. ONRR, with advice from the MSG, will manage the USEITI Independent Administrator contract.

In December 2012, following a comprehensive stakeholder assessment and call for nominations, the Department of the Interior formed the USEITI MSG. Since December 2012, USEITI submitted its Candidacy Application in 2013; achieved “Candidate Country” status in March 2014; held 19 public MSG meetings; submitted three annual work plans and submitted two annual activity reports. The USEITI produced its first two Annual Reports as an interactive, online website in December of 2015 and 2016. With the Board adopting the 2016 EITI Standard, including a revised Validation system, the Board must agree a revised Validation schedule. Thus, while USEITI is entering its “validation” year in 2017, commencing a “validation” process within three years of achieving Candidate Country status, it is likely USEITI Validation will commence no later than April 1, 2018, after completing its third Annual Report..

The U.S. can benefit from implementing EITI in several ways. First, EITI can help to build more transparent relationships between industry and the public and foster greater public trust around resource governance. Additionally, EITI provides an opportunity for the U.S. to lead by example in its efforts to promote global institutions that are more transparent, effective, and accountable. USEITI offers stakeholders a means to influence how government and industry report extractive revenues. Ultimately, USEITI provides the American people with better access to the data and information necessary to improve public discourse around extractive revenues.

This 2017 Work Plan reflects the 2016 EITI Standard and the International Secretariat’s guidance to implementing countries issued in the May 2016, *Guidance Note 2: Developing an EITI Work Plan*. The Work Plan in tabular format includes: identifying challenges and obstacles, where they exist, with particular activities; associating outcomes with activities; describing the national priorities and reforms; and providing a timeline for activities and tracking when those activities are completed. The 2017 USEITI Work Plan maintains all the action items from previous years includes action items reflecting the USEITI MSG priorities and additional action items necessary to comply with the new requirements in the 2016 Standard. The USEITI Work Plan is an iterative process and the documents are updated annually. Each year the MSG redefines the annual goals and components of the Work Plan including as well the communications and outreach strategy. All previous Annual Work Plans, Annual Activity

¹ ONRR is responsible for the management of the majority of revenues associated with Federal offshore and Federal and American Indian onshore mineral leases, as well as revenues received as a result of offshore renewable energy development. This revenue management effort is one of the Federal government’s greatest sources of non-tax revenues. Additional information can be found online at www.ONRR.gov

Reports, MSG meeting materials and summaries are posted on the USEITI website found at <http://www.doi.gov/eiti/FACA>.

2. NATIONAL PRIORITIES AND OBJECTIVES² AND OTHER REFORM PROCESSES

The U.S. national objectives for implementing the EITI standard are rooted in the fundamentals of the Open Government Partnership, predicated on nobody having a monopoly on wisdom; the importance of civil society and the private sector having significant inputs into the decision making that governments do; and predicated on a certain philosophy, which is that we have a responsibility to advance the interests of our citizens. Simply stated the national objectives are to:

- Lead by example;
- Increase citizen participation;
- Increase collaboration;
- Increase government transparency;
- Enhance public access to information;
- Improve management of public resources; and
- Give the public a more active voice in U.S. government policymaking.

Signing onto the EITI initiative furthers these objectives by creating additional “sunshine” for the process of collecting revenues for natural resource extraction. In obtaining EITI candidate status for the U.S. in March 2014, the U.S. Multi-stakeholder Advisory Committee has provided an example and hope for how we can collaboratively address complex issues of national concern where each stakeholder has a voice and an opportunity to shape the outcome for our collective benefit.

There are several ongoing domestic and international initiatives/priorities that link to America’s ongoing commitment to EITI. These initiatives include, Presidential Memorandum for a Transparent and Open Government, The Open Government Partnership, Dodd-Frank Act, and Project Open Data.

In 2011 the Memorandum on Transparency and Open Government was signed. The memo announced that the U.S. was committed to creating an unprecedented level of openness in Government. The federal workforce was directed to ensure the public trust and establish a system of transparency, public participation, and collaboration. Openness will strengthen our democracy and promote efficiency and effectiveness in Government.

On June 27, 2016 a significant step towards transparency was achieved when the Securities and Exchange Commission (SEC) announced it adopted rules to require resource extraction issuers to disclose payments made to governments for the commercial development of oil, natural gas or minerals. The rules, mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1504, are intended to further the statutory objective to advance U.S. foreign policy interests by promoting greater transparency about payments related to resource extraction. The regulation will substantially assist the implementation of USEITI. It defines “project” at the contract level and requires

² National Objectives reflect priorities advanced in the 2011 and 2013 Open Government National Action Plan for the United States of America.

the reporting of taxes. The SEC also, by separate order, determined that compliance with USEITI was “substantially similar” to the regulation, such that participation with USEITI, with some exceptions, will satisfy the requirements of the rule. The rules will become effective in 2018 with company reporting to begin in 2019. Nowhere is transparency more important than in the management, development, and collection of revenues from energy and minerals in our public lands and oceans. The creation of ONRR in 2010 was a step in that direction, and coupled with EITI pushes the U.S. to become an international leader in natural resource management. The 2010 creation of ONRR separated the revenue collection and distribution from other DOI agencies managing extractives natural resources. As a result of its Strategic Review and the continuous improvement process, ONRR developed a proposed Policy directive: the Department of the Interior’s Energy Leasing, Production Verification, and Related Revenue Collection Coordination Policy. The purpose of the policy is to establish common standards and methods for creating and sustaining the efficient and effective working relationships necessary to promote accountability in a) providing accurate energy and minerals related data, b) accounting for the associated revenues, and c) identifying areas of improvement in terms of processes, outcomes, and investment. The policy also helps to address concerns from Government Accountability Office about the collaborative relationships among the offices within the Department of Interior and about the effectiveness of those relationships.

The Open Government Partnership (OGP) is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. In the spirit of multi-stakeholder collaboration, OGP is overseen by a Steering Committee including representatives of governments and civil society organizations. To become a member of OGP, participating countries must endorse a high-level Open Government Declaration; deliver a country action plan developed with public consultation, and commit to independent reporting on their progress going forward. The Open Government Partnership formally launched on September 20, 2011, when the 8 founding governments (Brazil, Indonesia, Mexico, Norway, the Philippines, South Africa, the United Kingdom and the U.S.) endorsed the Open Government Declaration, and announced their country action plans. In just two years, OGP has welcomed the commitment of 56 additional governments to join the Partnership. In total, OGP participating countries have made over 1,000 commitments to make their governments more open and accountable.³

USEITI is consistent with the goals and standards established in the first, second, and third U.S. National Action Plans for the Open Government Partnership. The Administration committed, in the first U.S. OGP National Action Plan to:

- Implement the EITI to ensure that taxpayers receive every dollar due for extraction of our natural resources, building on reforms in the management of our natural resources; and
- Work in partnership with industry and citizens to develop a plan to disclose relevant information, creating additional “sunshine” for the process of collecting revenues from natural resource extraction and enhancing the accountability and transparency of our revenue collection efforts.

In the second US OGP National Action Plan, the U.S.:

- Continued to work toward EITI candidacy, including seeking public comment and feedback on the Federal Government’s candidacy application; and
- Committed to publish the first USEITI report in 2015 and to achieve EITI compliance in 2016.

³ <http://www.opengovpartnership.org/about>

In the third US OGP National Action Plan, the U.S. proposes to:

- Advance the MSG defined tiers of subnational engagement:
 - Establish a point of contact(s) in State and Tribal government.
 - Formally nominate a State or Tribal Member(s) to the USEITI MSG, and
 - Work with State and Tribal government to undertake enhanced opt-in to integrate information into the USEITI Report.
- Create and implement a process to conduct stakeholder outreach and assessment of issues related to disclosure of forestry revenues;
- Implement project-level reporting consistent with Section 5.2e of the EITI Standard, and
- Develop an MSG-approved definition of beneficial ownership that falls in line with the EITI standard definition.

In doing so the U.S. also committed to:

- Disclose additional revenues on geothermal and renewable energy;
- Unilaterally disclose all payments received by the U.S. Department of Interior;
- Create a process to discuss future disclosure of forestry revenues; and
- Promote the development of innovative open data tools that make extractive data more meaningful for and accessible to the American people.

The U.S. implementation of the EITI standards affords the government a unique opportunity to leverage on-going revenue reforms with a consensus-based multi-stakeholder process that informs the government and also reinforces the spirit of collaboration and mutual respect among stakeholders. This is a key opportunity for improving relations between industry and the public and building public trust around resource governance.

In support of the USEITI commitment to transparency and public engagement, the DOI, Office of Natural Resources Revenue, designed and deployed in 2014 a pilot data portal providing natural resource revenue, production and disbursement data. The USEITI MSG approved the concept for an online interactive website about the extractive industry in the U.S. and to satisfy the annual reporting requirements in the Standard. The development of the website aligns with the principles of this Administration's Project Open Data and is consistent with the goals and standards established by the U.S. National Action Plan for the Open Government Partnership. Project Open Data is an online, public repository intended to foster collaboration and promote the continual improvement of the Open Data Policy. The U.S. wants to foster a culture change in government where we embrace collaboration and where anyone can help us make open data work better.⁴ The user-centered design focus is on the users and to provide information that is easy to find and use for both specialists and non-specialists. The goal was to develop a robust website to include both curated content and raw data that would inform the national and international conversation around extractive industries revenue. With the release of 2015 and subsequent reports, significant additional information becomes available online in the interactive report. The website, which continues to evolve, based on user feedback, provides a valuable resource for data and information analysis and visualizations that can be readily understood and accessed by the public for re-use through social media and other applications, thus informing the debate on the extractives industry.

⁴ <http://www.whitehouse.gov/blog/2013/05/16/introducing-project-open-data>

3. FUNDING & RESOURCE CONSTRAINTS

Funding Required for the FACA Committee

Per the USEITI Advisory Committee Charter, the financial support for the Committee is provided by ONRR. The committee charter specifies available funding of \$1,510,000 annually. This estimated amount includes funding for:

- MSG Committee meetings;
- Travel of MSG members to MSG meetings;
- Use of a process facilitator to support the collaborative nature of the international EITI requirements;
- Production of the USEITI report;
- The cost associated with the Independent Administrator as mandated by the international EITI requirements; and
- Any funding required to support validation.

ONRR has dedicated four equivalent full-time employees to the USEITI Secretariat for supporting the MSG and the implementation of USEITI, in 2017 an additional three employees will be added for the purposes of maintaining and innovating data and information on the USEITI data portal. In addition, representatives from multiple government agencies are supporting the USEITI initiative as MSG members, advisors and subject matter experts.

4. WORK PLAN

The USEITI goals for 2017 are to:

- Review and address the 2016 IA recommendations;
- Explore means to increase 2017 tax reporting and consider implications of SEC 1504 regulations; Advance tribal and state opt-in and explore opt-in with additional States & Tribes to build on the momentum of the initial three opt-in States from 2016;
- Discuss a process for the inclusion of forestry or other commodity in future USEITI reports;
- Explore a process for project level reporting and reconciliation consistent with the SEC final rule;
- Review basis for selecting companies to report by reviewing and materiality;
- Perform outreach to companies to increase participation and reporting;
- Perform outreach and webinars that target key States and Tribes.

In order to achieve these goals and fulfill international standards, USEITI will also:

- Hold three MSG meetings that are open to the public and facilitated by a neutral third party (EITI Requirement 1);
- Prepare the 2017 Annual Activity report;
- Work with the Independent Administrator as agreed in the Terms of Reference to ensure the Reconciliation Report and 2017 USEITI Report are consistent with the EITI requirements (EITI Requirements 5 and 6);
- By January 2017 publish the USEITI Beneficial Ownership Roadmap

- Agree to threshold definition of Beneficial Owner;
- Explore the possibility of requesting companies to voluntarily disclose beneficial ownership information;
- Endorse Interior and other relevant parties to explore possibilities to request and publicly release beneficial ownership information from companies engaged in bidding processes or otherwise operating in lands under its jurisdiction ;
- Request the Independent Administrator to prepare a mainstreaming feasibility assessment;
- Explore alternative methodologies for revenue reporting by companies;
- Continue to refine and implement a 2017 Communications and Outreach plan (EITI Principles of transparency, accountability and engagement);
- Enhance and maintain an on-line, interactive data portal for federal natural resource revenue contextual information and the ONRR unilateral disclosure that captures 100% of Department of the Interior “in scope” revenues. The publicly sourced narrative and unilateral disclosure are significant improvements to the information that is currently available to the public (EITI Requirement 6).

An integral part of the implementation process is public outreach to encourage industry involvement in the EITI process, encourage the states and U.S. tribal governments to participate in the process, keep Congress informed on U.S. implementation efforts and educate all stakeholders about the benefits of U.S. implementation of EITI. As noted earlier in this document the USEITI communication and outreach strategy is ongoing and amended as per MSG direction.

The key purposes of USEITI communications and outreach are to:

- Increase awareness and dissemination of the 2016 USEITI report;
 - Increase public awareness of the EITI and its benefits;
 - Update stakeholders on status of USEITI;
 - Notify stakeholders of upcoming events;
 - Build credibility for the USEITI process and its products;
 - Encourage and secure participation in USEITI from all stakeholders, especially industry, state governments and tribal governments;
 - Highlight industry’s contributions to the economy at the federal, state, and local level;
 - Encourage voluntary compliance by relevant corporations with the USEITI process;
- Engage and involve subnational entities, such as states and tribes in the USEITI; and request meetings or briefings.